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By PwC Deutschland | 14. Januar 2026

Federal cabinet to modernize tax consultancy law

Today, the Federal Cabinet approved the draft amendment to the Tax Consultancy Act and other tax regulations. This initiative aims to modernize tax consultancy law and make it more flexible for citizens. The draft also contains amendments to the Real Estate Transfer Tax Act. Another focus is greater tax fairness in the area of trade tax.

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The proposed measures

The authorization (permission) to provide limited assistance in tax matters has been revised and modernized. For example, **energy consultants** will in future also be allowed to address tax law issues that are related to their specific work.

The permission to provide **free assistance in tax matters** is being expanded. In addition to close relatives, other close people will also be allowed to provide free advice in the future. Furthermore, so-called tax law clinics at universities will be permitted.

The regulations governing **payroll tax assistance associations** (i. e. ***Lohnsteuerhilfevereine***, which provide tax advice for taxpayers with income from employment) are comprehensively revised. Among other things, the limits on the amount of income that can be earned from activities compatible with the advice provided by those associations are to be removed. This is the case, for example, if a member of the association also earns income from the rental of property. In addition, it will be permissible in the future for one person to manage three advice centers instead of the current limit of two.

The draft also includes further tax measures:

Trade Tax: The increase in the minimum municipal rate to 280 percent agreed in the coalition agreement combats the fictitious move of companies' registered offices. Low tax rates have often been an incentive for companies to relocate their tax domicile to the relevant municipalities even if they do not maintain any substantial business there.

Lars Kingbeil, the finance minister (Treasurer), points out that the envisaged changes will contribute to more fairness and prevent companies from merely relocating their headquarters to places where trade tax is particularly low.

The draft also contains **amendments to the Real Estate Transfer Tax Act** to rule out the possibility of double taxation of the same circumstances in the event of a discrepancy between the signing and closing of a transaction. In addition, the notification periods for parties involved are extended to one month in accordance with Section 19 of the Real Estate Transfer Tax Act.

A specific PwC newsflash on this latter subject is avaibale in German language and may be downloaded **here**.

Source: Ministry of Finance, press release of 14 January 2026.

Schlagwörter

tax consultancy